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OGC Has Reviewed

31 August 1956

MEMORANDUM FOR THE RECORD

SUBJECT: Combined Charities Drive

1. The Agency, through a committee from the Office of Personnel, is undertaking a combined charities drive which will solicit funds under the one-package approach. In its presentation to employees, about 140 charities are listed as potential recipients who will share in the donations derived from these individual gifts. Unless a gift is earmarked for a specific charity it will be devoted to whatever allocation the committee may decide is most beneficial.

2. A question has been raised regarding the deduction of such contributions for purposes of individual income taxes. After talking to Messrs. Swartz and Dunlap of the Internal Revenue Service, it seems that there might be some question of proof where an individual listed as the recipient the combined charities drive which is not itself an exempt organization. In our opinion, provided that all of the charities listed in the appeal are themselves tax-exempt, we believe that the taxpayer can satisfy the doubts of a Revenue Agent by providing him with the list and possibly also a certification from the committee that all funds had been properly expended for the purpose for which they were solicited. However, we have advised the Office of Personnel that in order to be assured of a deduction it would be desirable for donors of substantial contributions to earmark their gift for a specific charity which is known to be exempt. The IRS will permit the deduction where the gift ultimately goes to an exempt organization even though it is collected by an organization which is not of itself exempt. This is simply under the agency theory.

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3. [REDACTED] of the Office of Personnel who is in charge of the drive has asked our advice regarding the desirability of establishing a tax exemption for the combined charities as an entity itself. This is something which should be examined in the near future but on which it is now too late to act for the present drive.

[Signature]
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[REDACTED]
Acting Deputy General Counsel

OGC/ CWP:mks

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